

Forty-eighth Legislature
Second Regular Session

COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2081

(Reference to printed bill)

1 Page 5, after line 42, insert:

2 "Sec. 3. Section 20-1098.04, Arizona Revised Statutes, is amended to
3 read:

4 20-1098.04. Formation of captive insurers; redomestication

5 A. An agency captive insurer or protected cell captive insurer shall
6 be incorporated as a stock insurer with its capital divided into shares and
7 held by the stockholders. Each owner of an agency captive insurer shall be
8 licensed as an insurance producer or managing general agent.

9 B. A group captive insurer may be formed in any of the following ways:

10 1. Incorporated as a stock insurer with its capital divided into
11 shares and held by the stockholders.

12 2. Incorporated as a mutual insurer without capital stock, the
13 governing body of which is elected by the member organizations of its
14 association.

15 3. Organized as a reciprocal insurer pursuant to article 2 of this
16 chapter.

17 4. Incorporated as a nonprofit corporation pursuant to title 10,
18 chapter 25.

19 C. A pure captive insurer may be formed in any of the following ways:

20 1. Incorporated as a stock insurer with its capital divided into
21 shares and held by the stockholders.

22 2. Incorporated as a nonprofit corporation pursuant to title 10,
23 chapter 25.

24 3. Incorporated as a limited liability corporation pursuant to
25 title 29, chapter 4.

26 D. The capital stock of a captive insurer that is incorporated as a
27 stock insurer may be authorized with no par value.

28 E. A captive insurer that is formed as a corporation shall have at
29 least three incorporators, at least one of whom shall be a resident of this
30 state. A captive insurer that is formed as a reciprocal insurer shall be
31 organized by three or more subscribers,~~at least one of whom shall be a~~
32 ~~resident of this state.~~

1 F. A pure captive insurer shall have at least one director. Any other
2 kind of corporate captive insurer shall have at least three directors. Any
3 group captive insurer formed as a reciprocal insurer shall have at least
4 three subscribers' advisory committee members. In addition to independent
5 directors, a group captive insurer may have as many directors as it has
6 members.

7 G. A captive insurer that is formed as a corporation shall have at
8 least one member of the board of directors who is a resident of this
9 state. A captive insurer that is formed as a reciprocal insurer shall have
10 at least one member of the subscribers' advisory committee who is a resident
11 of this state.

12 H. The articles of incorporation or bylaws of a captive insurer that
13 is formed as a corporation with more than one director may authorize a quorum
14 of a board of directors to consist of at least one-third of the fixed or
15 prescribed number of directors, but at least two directors. The subscribers'
16 agreement or other organizing document of a captive insurer formed as a
17 reciprocal insurer may authorize a quorum of a subscribers' advisory
18 committee to consist of at least one-third of the number of its members, but
19 at least two members.

20 I. Any foreign or alien insurer may become a domestic captive insurer
21 by complying with the requirements of this article relating to the licensing
22 of a domestic captive insurer and by complying with all applicable
23 requirements of the laws of this state relating to the domestication of a
24 corporation to this state. The effective date of a license that is issued to
25 a foreign or alien insurer domesticated to this state shall be the date of
26 filing its articles of domestication with the corporation commission."

27 Renumber to conform

28 Page 6, line 5, after "state" insert "**EXCEPT AS PROVIDED IN SECTION 20-1098.01,**
29 **SUBSECTION B**"

30 Amend title to conform

and, as so amended, it do pass

BILL KONOPNICKI
Chairman

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H:jjb